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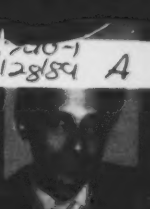
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FEBRUARY 1989
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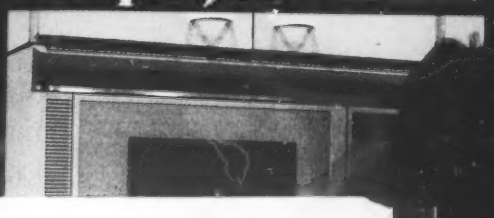
Recipe for revival



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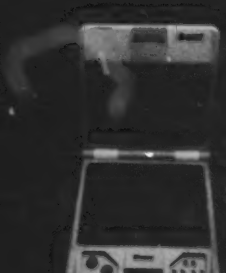

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PERISCOPE

No Simple Solution

ALL of the hype about HDTV should begin in earnest this year. Not because of any grand new engineering breakthrough, but because this is the official "Fifty Years of Television" anniversary, commemorating the start of regular television broadcasting in the United States.

A year-long exhibit entitled "American Television From the Fair to the Family, 1939-1989," examining television and its impact on lives and habits of Americans, will open April 19 at the Smithsonian's National Museum of American History.

Unfortunately, the feeling of pride that we are bound to experience in seeing this exhibit will not be enough to convince the various HDTV factions to settle upon a single worldwide standard.

Indeed, Jan Timmer, chairman and CEO of the Consumer Electronics Division of N.V. Philips, put it best in delivering the keynote address at the 17th Winter CES, noting, "I'm afraid those who believe in the simple solution might be disappointed for the reason that TV is a very important medium in each country. Its importance goes far beyond anything we have seen. We also have very different broadcasting structures, and broadcasters are an important shareholder in HDTV.

The concern here is that the three-way battle among Japanese, European and (it is hoped) American HDTV interests will make all prior format wars—such as VHS vs. Beta—seem meek by comparison.

In Memoriam

FOR me 1989 starts on a sad note. On Jan. 8, former Dealerscope Merchandising editor Gary Neilson "Neil" Spann passed away after a long illness.

A 10-line resume written here or elsewhere hardly does justice to the person or his career. But as I collected my thoughts, the first descriptive word that came to mind was quality. It fits. Neil was a quality person. It showed most in little, everyday things—such as when Neil would meet a reporter new to the consumer electronics industry. While most hardened veterans would allow the neophyte to struggle in isolation, Neil was always quick to offer a word of encouragement and the sort of "no repayment required" help that prompted the listener to seek closer association.

Neil Spann: Friend. Gentleman. Professional.

He will be missed.

Murray Slovick

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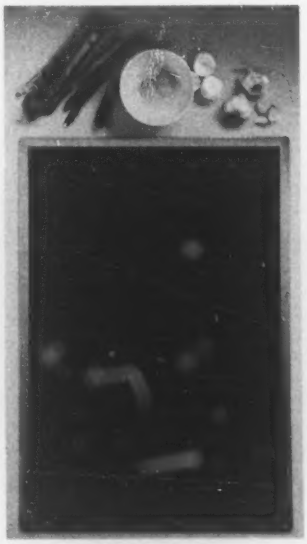

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HOME OFFICE

RETAILING

'Not the Next VCR'

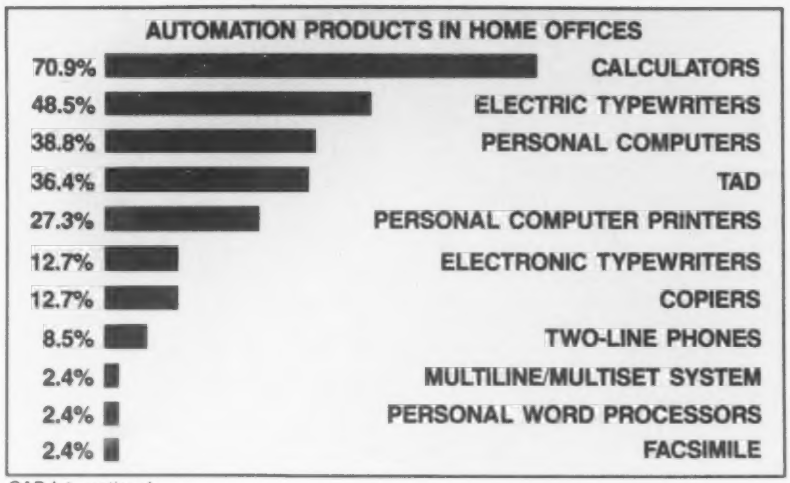
CONSUMER electronics retailers are well-positioned to increase their share of the expanding home office automation business, but they're going to have plenty of competition from other distribution channels. So said Ray Boggs, director of CAP International's small business marketing service, in a wide-ranging market overview delivered at WCES.

With the home-office market expected to grow by about a third in 1989 (from $2.6 billion in sales to $3.4 billion, according to CAP estimates), it's apparent the high revenue potential is catching the eye of more retailers, from warehouse clubs to traditional office suppliers. Yet the home-office category is complex and diverse, Boggs warned, and requires nurturing.

"It's not a market that will grow by itself," he observed. "It's not a business that you can sit back and enjoy. You can't put a skid of these products on display and watch them disappear. Home office is not the next VCR."

This is not to say that there aren't parallels between the home-office customer and the CE customer. In both cases, Boggs pointed out, the purchaser is also the ultimate user, in contrast to the traditional small-business customer who is making a corporate purchase decision. Furthermore, the dealer often has to educate the consumer about the product, "yet the profits that they earn for a successful sale may be inadequate to provide for that level of support. So manufacturers have to play a greater role in educating prospects through promotional literature, advertising, seminars or other techniques."

Unlike the TV and VCR market, however, Boggs noted that home-office equipment does not offer the possibility of being sold into virtually every U.S. household. A more accurate market size would consist of the 29.9 million households that have space devoted exclusively to household management or revenue-producing activities. But the real "motherlode" is smaller, said Boggs: the 10.8 million households that have dedicated work space and generate income (whether primary or secondary) by its use.



CAP International

What products are most popular with this core group? According to CAP research, the best penetration has been achieved by calculators, answering machines, personal computers, word processing software and computer printers. These products also registered the highest intent to buy. Encountering resistance were advanced telephones, copiers and facsimile machines, despite their popularity with small businesses.

The low penetration of facsimile machines and copiers in the home office led Boggs to a key point: Don't confuse the home-office buyer with a different breed of customer, the small businessman. Said Boggs, "You may think the guy that comes into your store dressed in jeans and sneakers on Saturday is buying a fax machine for his home office. The odds are that he isn't. It's much more likely he's buying for his or somebody else's small business."

The proof lay in his statistics. While fax penetration in small businesses (defined as having less than 100 employees) grew from 6.5 percent in 1987 to 17.2 percent in 1988, CAP found fewer than 10 fax machines in a survey of 1,000 home-office households.

Copier acceptance in the home, Boggs said, appeared to be the victim of the popularity of personal computers and printers, which were found in 39 percent of home offices last year. "Rather than copy a letter I'm sending, if I'm working at home, I may just print an extra copy out of the printer for my files."

Although retailers should remain aware that the needs of the small businessman can be quite different from the needs of the home office worker, he advised against a highly targeted approach for retailers. "I was raised on the virtues of segmentation, but when it comes to the home office, that kind of thinking can get you in trouble. You have to make sure your message is broadly based, compatible with the goals of small business, small office and home office. If your message shuts out any of these three groups, forget it."

Boggs closed with a three-point prescription for success in home-office retailing, one that would sound familiar to any electronics dealer: Invest in the right product mix; get and use all the sales support you can; and finally, use mass advertising media. ■

PEOPLE ON THE MOVE: Electronics

George Zebold is appointed director of product for Northwestern Bell Phones.

Zebold

Asano

Pioneer Electronics promotes **Takafumi Asano** to executive VP and **Michael Townsen** to VP of marketing for its car electronics division.

Jim Ristow is appointed VP, sales and marketing at Record a Call.

Linda Lauer is named director of membership services for the VSDA. **Lynn Henley** becomes director of membership acquisition.

Changes at SVS (formerly Sony Video Software): **Michael Holzman** is promoted to deputy president; **Steven Brecker** advances to marketing manager, home video; **Stephanie Shalofsky** is named VP, operations; and **Jeffrey L. Ringler** advances to VP, business affairs.

Sherwood appoints **Tom Graham**, VP, marketing; **Tom Moore**, product marketing manager, home audio and **Christie Moody**, marketing coordinator, home audio.

SuperVideo appoints **John E. Manning** chief operating officer.

BEL-tronics names **Donal Rich** national accounts sales manager for the U.S.

Rich

Chemidlin

David Chemidlin is promoted to VP and controller for CBS/Fox Video, North America.

Fred Hackendahl is named president of the Marantz subsidiary of Dynascan.

Bush Industries appoints **James E. Kirby** senior VP, sales and marketing.

Kirby

Sherman

Joel Sherman is appointed national accounts manager of Sharp Electronics' consumer video division.

Denon America promotes Robert Heiblim to executive VP and **Akira Saito** to senior VP. **John Langan** becomes VP and **Ken Furst** is promoted to director of marketing.

K mart Corp. elects **Richard S. Miller** to its board of directors.

Kohji Machida joins Lloyd's Electronics as its chief engineer.

Jim Sala is named VP, corporate communications for Mitsubishi Electric Sales America.

Macrovision names **William A. Krepick** VP, sales and marketing.

PhoneMate appoints **Grant Mason**, marketing research analyst and **Monika Moreno** marketing services supervisor.

Marty T. Neilson joins Case Logic as chief financial officer.

Acclaim Entertainment names **Alexandra M. Bucich** as company controller.

Bucich

Riggle

Anne R. Riggle is promoted to director of marketing, SAFT America's advanced battery systems division. **David L. McLatcher** joins SAFT America as director of marketing and battery operations, portable battery division. ■

STAT WATCH

TOTAL U.S. MARKET STATISTICS
Sales to Retailers
November 1988 vs. November 1987
(In Units)

	November 1988	November 1987	Percent Change	Year-to-date 1988	Year-to-date 1987	Percent Change
TELEVISION						
Color	1,889,483	1,734,711	+ 8.9	18,031,[illegible]	17,412,163	+ 3.6
Monochrome	223,398	374,993	– 40.4	2,298,5[illegible]	3,265,841	– 29.6
TOTAL TV*	**2,112,881**	**2,109,704**	**+ 0.2**	**20,330[illegible]3**	**20,678,004**	**– 1.7**
Projection TV	32,115	26,799	+19.8	261,547	261,942	– 0.2
Home VCR	1,308,832	1,162,193	+12.6	11,087,074	11,828,406	– 6.3
Camcorders**	216,050	183,480	+17.8	1,750,709	1,352,966	+29.4

Information contained in this release reflects total market statistics for products produced and/or sold in the United States regardless of the brand name or country of origin.

*Excludes Projection Television
**Included in Home VCR
Source: Electronic Industries Association Consumer Electronics Group.

PEOPLE ON THE MOVE: Major Appliance

Ralph F. Hake and **James K. Doan** are elected corporate VPs by Whirlpool Corp.

Doan

Wabschall

Changes at Hoover: **Jackson L. Wabschall** is named VP, sales. **Robert E. Rodgers** becomes national sales manager, eastern U.S. and **Robert F. Golden** is named national sales manager, western U.S. In conjunction with the formation of Hoover's new sales division, **David A. Gault** is named market development manager; **Robert W. Arnold** becomes major accounts manager and **John L. Green** is appointed special markets manager.

Jenn-Air names **Kevin R. Koehl** director of product planning; **Carl H. (Buzz) Adams**, director of market development and **William D. Burger**, director of marketing services.

Golden

Bayman

Changes at GE Appliances: **Richard L. Burke** is named VP for technology, product design and manufacturing; **Theodore R. Boehm** is appointed general counsel; **Gary M. Christensen** becomes general manager, refrigeration products; **Scott R. Bayman** becomes general manager, cooking products; **David M. Cote** is named general manager, laundry and dishwashing products and **Daniel J. Jordan** is appointed general manager, microwave and air conditioning products. ■

STAT WATCH

MAJOR HOME APPLIANCE FACTORY SHIPMENTS,* THOUSANDS OF UNITS
November, 1988

	November			Calendar Year to Date		
	1988	1987	% Change	1988	1987	% Change
ALL MAJOR APPLIANCES**	**4,136.3**	**3,877.0**	**+ 6.7**	**45,368.7**	**46,145.8**	**- 1.7**
COOKING — TOTAL	**1,699.1**	**1,680.1**	**+ 1.1**	**14,576.0**	**16,315.2**	**-10.7**
Electric Ranges — Total	287.0	284.8	+ 0.8	2,939.8	3,091.1	- 4.9
Free Standing	229.6	224.2	+ 2.4	2,354.7	2,484.6	- 5.2
Built-In	57.5	60.6	- 5.1	585.2	606.5	- 3.5
Gas Ranges — Total	203.2	187.9	+ 8.1	1,975.8	1,945.4	+ 1.6
Free Standing	191.7	178.2	+ 7.6	1,859.3	1,835.6	+ 1.3
Built-In	11.4	9.7	+17.5	116.5	109.8	+ 6.1
Microwave Ovens/Ranges***	1,223.6	1,222.2	+ 0.1	9,826.5	11,449.7	-14.2
HOME LAUNDRY — TOTAL	**909.2**	**860.6**	**+ 5.6**	**9,988.6**	**9,811.4**	**+ 1.8**
Automatic Washers	508.4	469.5	+ 8.3	5,750.8	5,544.5	+ 3.7
Dryers — Total	400.8	391.1	+ 2.5	4,237.7	4,266.9	- 0.7
Electric	308.6	302.1	+ 2.2	3,277.2	3,310.2	- 1.0
Gas	92.3	89.0	+ 3.7	960.5	956.7	+ 0.4
KITCHEN CLEAN UP — TOTAL	**757.6**	**677.0**	**+11.9**	**7,700.6**	**8,014.6**	**- 3.9**
Disposers	380.7	325.4	+17.0	3,889.7	4,113.1	- 5.4
Dishwashers — Total	354.9	336.0	+ 5.6	3,589.0	3,700.8	- 3.0
Built-In	326.7	307.3	+ 6.3	3,358.5	3,462.8	- 3.0
Portable	28.2	28.8	- 2.1	230.5	238.0	- 3.2
Compactors	21.9	15.6	+40.4	221.9	200.8	+10.5
FOOD PRESERVATION — TOTAL	**635.7**	**591.3**	**+ 7.5**	**8,014.4**	**7,676.6**	**+ 4.4**
Refrigerators	536.9	498.7	+ 7.7	6,760.2	6,502.6	+ 4.0
Freezers — Total	98.8	92.7	+ 6.6	1,254.2	1,174.0	+ 6.8
Chest	54.0	50.3	+ 7.4	675.1	642.7	+ 5.0
Upright	44.8	42.3	+ 5.9	579.1	531.3	+ 9.0
HOME COMFORT — TOTAL	**134.7**	**68.0**	**+98.1**	**5,089.0**	**4,328.0**	**+17.6**
Room Air Conditioners	125.8	61.8	+103.6	4,422.4	3,628.1	+21.9
Dehumidifiers	8.9	6.2	+43.5	666.6	699.8	- 4.7

*Domestic plus export shipments: includes both U.S. produced and imported products.
**Numbers do not add because of overlapping product categories.
***Includes microwave ovens and combination microwave ovens/ranges.
Source: AHAM (Assn. of Home Appliance Manufacturers).